

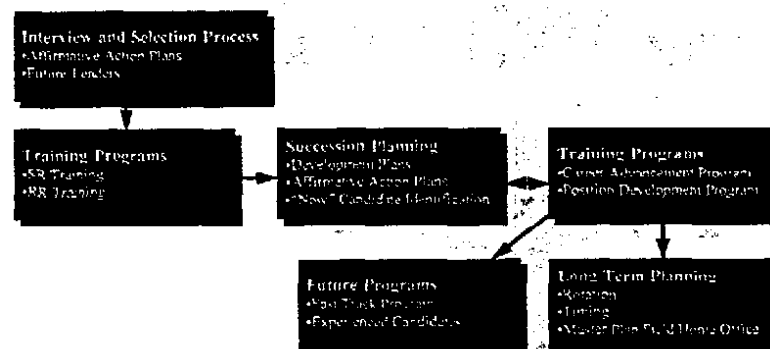
R.J. Reynolds Tobacco Co.

Succession Planning Career Advancement Program Position Development Program Funding and Next Steps

June 18, 1998

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Employee Development Master Plan



Objectives

- Establish a consistent Succession Planning Process which recognizes Employee Performance, Company Objectives and the Employees Personal Circumstances for promotion consideration.

— Support employees career choices to ensure we place employees in the right position, therefore providing the Company and the employee a 'win-win' situation.

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Objectives

- Establish training plans which strengthen the value of training, developing and retaining good employees, while providing an opportunity for career advancement.
 - Define Knowledge and Skill needed by position and Management Personnel responsible for training.

New Programs

- Succession Planning
Consistent Process of Identifying Succession Candidates
- Career Advancement Program
Training Plan used with Candidates prior to reporting to new position
- Position Development Program
Training Plan used for Employees after reporting to new position

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Succession Planning

Succession Planning

Succession Planning is the responsibility of the entire Region Management team, with the RSM as the point person.

..... more heads are better than one

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Succession Planning

- All Managers are accountable for the development of direct report personnel and should document:

- Career Objectives
- Personal Considerations and Limitations
- Development Plans, to include:
 - » Personal Dimension Needs
 - » Knowledge and Skill Needs

..... know our people

Succession Planning

- Once per quarter the RSM and Region Management team meet to review and discuss succession candidates.
- Managers are prepared to submit their individual candidate recommendations and development plans for each, to include:
 - » Short and long term career interests
 - » Strengths as they relate to job responsibilities
 - » Personal dimension training needs
 - » Geographical considerations

Succession Planning

- **Managers are challenged to become familiar with all succession candidates, prior to the next succession planning period.**

- Meetings
- Work Withs
- Conversations

Succession Planning

- **AVP's and RSM's must gain first hand knowledge of each succession plan candidate. A minimum of 1 day must be spent with each candidate prior to placement on the succession plan, to review and confirm management's assessment of the candidates:**

- Career Interests - short and long term
- Development Plan
- Personal Dimension Needs
- Personal/Geographic limitations

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Succession Planning

- During the next planning period, previous candidates are discussed, new candidates are offered and the process continues.
 - Agreement by all Managers is required
 - Documentation is collected for each candidate selected for the succession plan
- RSM is now prepared to submit candidates to the AVP, with assurance that the right candidate was selected.

Succession Planning

Benefits

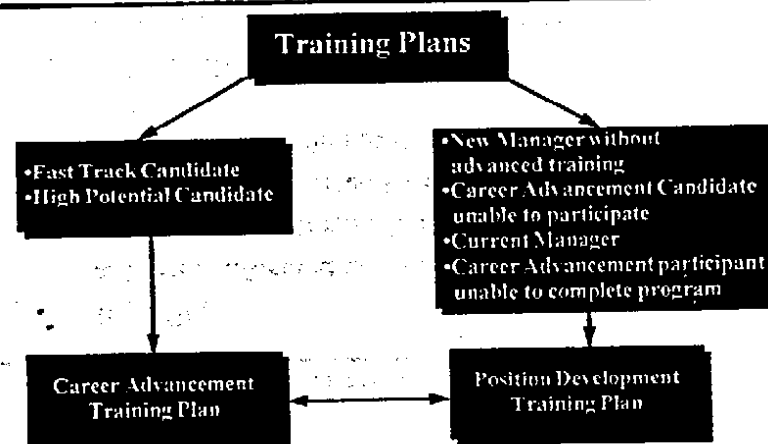
- Better informed decision in candidate selection
- Consistent information gathering process
- Decision supported by documentation
- Better expression of the candidates career interests
- Minimizes bias
- Opens Succession Planning Process
- National consistency in candidate selection
- Actively works toward Affirmative Action Plan

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Training Plans

Career Advancement Training Plans
Position Development Training Plans

Training Plans - Overview



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Training Plans - Overview

- **Specific By Position**
 - Knowledge and Skills
 - Position of Mentors
 - Timing
 - Personal Dimension Needs
- **Field Tested**
 - 68 field personnel across all Sales Areas
 - Unanimous confirmation of need
 - Input incorporated into Training Plans
- **Applicable to both Programs**

Career Advancement Program

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Career Advancement Program

Overview

- **The Career Advancement Program is designed to prepare and train individuals *prior* to accepting a new management position.**

- Candidate is removed from current position in order to devote full attention to the training plan
- Previous position is filled with a qualified candidate
- Training plan requires a 6 Month commitment
- Personal ownership of development plan is critical
- Extensive travel required to train with Mentors
- Upon successful completion, candidate is offered the next available position

Career Advancement Program

Potential Risks and Hardships

- Participation may not be possible for all candidates, due to personal circumstances
- Other employees may feel threatened if they are not in the program, as next promotion is clear
- A job opening for new position may not coincide with completion of the program
- Family commitment needed, due to periods of absence from home
- Significant travel is required
- If Candidate fails: Assign to position of most competence

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Career Advancement Program

Solution to Potential Risks and Hardships

- **Accommodations must be made for the candidate**
 - Personal Considerations to fit unique needs
 - Allowances for family commitments
- **Candidate and Mentors must be well informed**
 - Dialog between all participants must be open and honest
- **Communication defining the entire program is necessary throughout the entire organization.**
 - Open and Honest dialog with all levels

Career Advancement Program

Program Elements

- Selection of the Candidate
- Development Plan Preparation
- Conversations With the Candidate
- Selection of the Mentor
- Conversations With the Mentor
- Handoff Meetings
- New Position Handoff Meeting

The role of the RSM throughout each element of the Career Advancement Program is active and hands-on.

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Career Advancement Program

Selection of the Candidate

- Utilizing the Succession Planning process the candidate is selected for participation in the Career Advancement Program based on:
 - Candidate's current manager's assessment
 - RSM's assessment
 - Regional management team's agreement
 - AVP approval

Career Advancement Program

Development Plan Preparation

- Training Plans are used as a guide by the RSM and the candidate's current manager. Each Development Plan should be tailored to the employee:
 - Customize based on background experience
 - Prioritize knowledge and skill areas needed
 - Identify candidates personal dimension needs
 - Establish appropriate time frames for completion
- RSM must incorporate into the Development Plan meaningful time with the candidate to include:
 - Work Withs
 - Consultation / Evaluation Meetings

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Career Advancement Program

Conversations with the Candidate

- **Once the Candidate has been selected, the RSM must review in depth with the employee:**
 - Program details and benefits
 - Program ramifications
 - Expectations of the Candidate
 - » Personal commitment/ownership of Development Plan is needed
 - Uncover any accommodations the Candidate may need
 - Candidates identified Personal Dimension needs
 - Timing issues
 - Develop personalized training plan

Career Advancement Program

Selection of the Mentors

- **Once the candidate accepts, the AVP and RSM must select the most qualified Mentors, as outlined in the training plan.**
 - Mentors should be leaders in their marketplace and possess key personal attributes
 - » Excellent business knowledge
 - » Coaching skills
 - » Leadership ability
- **RSM and Mentors become a team focused on the successful preparation of the candidate.**

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Career Advancement Program

Conversations with the Mentors

- RSM must meet with the Mentors to thoroughly review:
 - Program details and benefits
 - Mentors role and expectations
 - Day to day interaction required
 - Candidates personal considerations
 - Candidates identified personal dimension training needs
 - Candidates ownership of the Development Plan
 - Timing

Career Advancement Program

The Handoff Meeting

- A Handoff Meeting is conducted by the RSM when responsibility shifts from one mentor to the next.
 - Attendees include:
 - » Candidate
 - » Current Mentor
 - » Future Mentor
 - » RSM 'Sponsoring Manager'
 - » AVP as available
 - Content :
 - » Review and assess the previous portion of the program
 - » Hand off Candidate's Development Plan to the new Mentor
 - » Review plan for the next portion of the program

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Career Advancement Program

New Position Handoff Meeting

- **The New Position Handoff Meeting is conducted by the RSM Sponsoring Manager, after the candidate has accepted the new position but prior to reporting to the new position.**

— Attendees include:

- » RSM Sponsoring Manager
- » Candidate's New RSM
- » Candidate's New Direct Manager (if different from RSM)
- » Candidate

Career Advancement Program

New Position Handoff Meeting (continued)

Sponsoring Manager Responsibilities:

- Review and assess original training plans and accomplishments to date against the plan
- Review and assess specific personal dimension needs and progress to date against the plan
- Handoff a comprehensive status report to the candidates new Manager, that includes:
 - » Knowledge and Skill areas; to include any not completed
 - » Personal Dimension areas; to include any not completed
- Encourage continued contact with the Mentors as a resource

Career Advancement Program

New Position Handoff Meeting (continued)

■ Responsibilities of the candidates new RSM

and new direct Manager:

- Commitment to follow through on coaching any identified areas of development that require additional attention
- Review key business drivers within new marketplace
 - » Major customers
 - » Personnel Issues
 - » Business mix/demographics
 - » Pending programs
- Introduce candidate to his/her new team (if applicable)

Career Advancement Program

New Position Handoff Meeting (continued)

■ Responsibilities of the Candidate:

- Complete self assessment of the training plan
- Review and identify status of identified personal dimension needs and progress against the plan
- Commitment to follow through on any identified areas of development that require additional attention

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Career Advancement Program

Benefits

- Employees fully trained prior to assuming new position
- Full attention dedicated against training for new position
- Employee is confident and capable - day one
- Unproductive time minimized in new job transition
- Specific training plans for each position
- Candidates personal ownership of their career development plan
- Specific Mentors identified for each knowledge and skill criteria
- Program completion defined within established time frames
- Training conducted by the most qualified coaches and leaders

Career Advancement Program

Test Results

- RM Anthony Abiabuike - "My peers all wish they could have had the same opportunity" "I'll hit the ground running"
- ARSM/RSM Mike Buckler - "Could not imagine tackling the RSM position without the Career Advancement program"
- ARSM Floyd Cook - "I'll be a better prepared RSM, as a result of this program"
- RSM Scott Steen - "I wish I could have had gone through this program"

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Position Development Program

Position Development Program

Overview

- **The Position Development Program is designed to be used with new employees who are promoted into a management position without advance training.**
- **Training Plans are specific to positions**
 - Knowledge and Skills needed
 - Job position of Mentor
 - Established time required for training
 - Employees Personal Dimension needs
- **Multi Purpose Application**
 - New Managers
 - Current Managers

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Position Development Program

Management's Responsibility:

- Employee's Manager is the Sponsoring Manager
- Sponsoring Manager, RSM and AVP are responsible for:
 - Evaluating personal dimension needs of the employee
 - Assist employee in preparing Development Plan
 - Assist RSM in selection of the mentors
 - Communicate personal dimension needs to the selected mentors
 - Managing and monitoring the process

Position Development Program

Program Elements

- Development Plan Preparation
- Selection of the Mentors

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Position Development Program

Development Plan Preparation

- **Training Plans are used as a guide by the Sponsoring Manager and Employee. Each Development Plan should be tailored to the employee:**
 - Customize based on background experience
 - Prioritize knowledge and skill areas needed
 - Identify employees personal dimension needs
 - Establish appropriate time frames for completion
- **Sponsoring Manager must schedule into the Development Plan meaningful time with the candidate to include:**
 - Work Withs
 - Consultation / Evaluation Meetings

Position Development Program

Selection of the Mentors

- **RSM and AVP must select the most qualified Mentors, as outlined on the training plans.**
 - Mentors should be leaders in their marketplace and possess key personal attributes
 - » Excellent business knowledge
 - » Coaching skills
 - » Leadership ability
- **RSM, Sponsoring Manager and Mentors become a team focused on the successful preparation of the employee.**

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Position Development Program

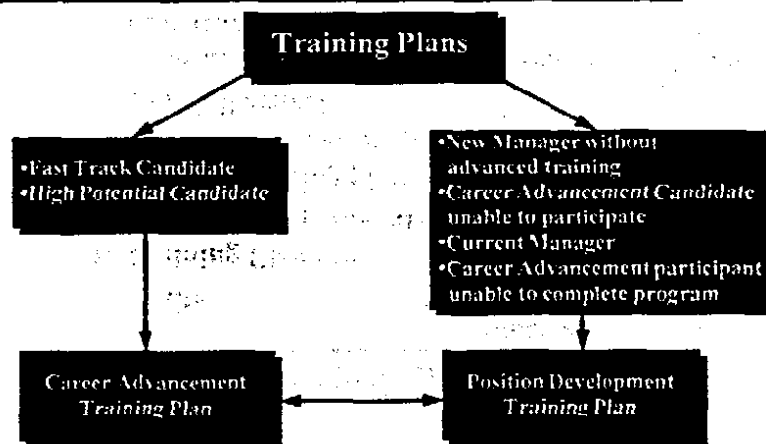
Benefits

- Training Plan accommodates all employee's regardless of personal circumstances
- Specific training plans for each position
- Specific Mentors identified for each knowledge and skill criteria
- Program completion defined within established time frames
- Training conducted by the most qualified coaches and leaders

Training Plans

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Training Plans - Overview



Training Plans - Overview

Requirements For Success:

- The Candidate must accept responsibility for his/her own Development Plan
- The Mentors responsible for conducting the training must fully understand the significance of mentoring the Candidate
- The Sponsoring Manager responsible for the individual being trained must be involved in the process

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Career Advancement Training Plan - Anthony Ahiabuike

Knowledge / Skill Needs	Mentor	Timing	Results
<ul style="list-style-type: none"> • Introduction: <ul style="list-style-type: none"> - Job Description and Role Definition - Job Responsibilities/Accountabilities - Performance Standards - Expectations • Personnel Management and Development <ul style="list-style-type: none"> - Sales Rep Training - Sales Rep Training Manual - Self To Market (STMT) - Account Management - Performance Management <ul style="list-style-type: none"> - Managing For Motivation - Effective PPA Writing - Conducting NPA's, PPA's and A/A's - Interview and Interview Process <ul style="list-style-type: none"> - Hire, Train, Coach New Sales Rep - Lead Performance Analysis - Evaluating Process <ul style="list-style-type: none"> - Effective Development Plan - Client's Process - Succession Planning - Salary Budget Process - Backfilling Available Leads for RPA and WPA - Promoted Policies and Procedures - RPA • Account Management and Development <ul style="list-style-type: none"> - Account Management Applications <ul style="list-style-type: none"> - Work Report Function - Account Review Function 	<p>RSM</p> <p>DM</p> <p>DM</p>		

Career Advancement Training Plan - Anthony Ahiabuike

Knowledge / Skill Needs	Mentor	Timing	Results
<ul style="list-style-type: none"> • Account Management and Development <ul style="list-style-type: none"> - Company Address Process <ul style="list-style-type: none"> - Apply for Compensation table to: <ul style="list-style-type: none"> - Eldest Account (Purview) - Child Account (Purview) - Developing Account Relationship <ul style="list-style-type: none"> - Register/Account Penetration - Child Development Plan - "Rays" Ranking Classification - Short and Long Term Goal Setting - Presentation Skills <ul style="list-style-type: none"> - Objective - Revenue Plan <ul style="list-style-type: none"> - Needs To Achieve Objective - Needs To Achieve Results - Addressing Unlives - Addressing Misinformation • Systems - Analytics <ul style="list-style-type: none"> - ABM <ul style="list-style-type: none"> - Sales Report & Interpretation <ul style="list-style-type: none"> - Product Availability - Multi-Compensation Report - Eldest Account Program Implementation - Memory <ul style="list-style-type: none"> - V-Track - SKI Management - Product Training • Account Manager <ul style="list-style-type: none"> - CRM - RPA Taskit <ul style="list-style-type: none"> - Space Management - RPA and WPA 	KAM		

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<u>Knowledge / Skill Needs</u>	<u>Mentor</u>	<u>Timing</u>	<u>Results</u>
<ul style="list-style-type: none"> • Business Management and Development <ul style="list-style-type: none"> • Business Analysis <ul style="list-style-type: none"> • Knowledge of a Market • Players' in the Market <ul style="list-style-type: none"> • Retail • Direct Access • Pricing Strategies • Competitive Issues • The Issues of Marketing • The Five Step Action Planning Process • Thorough Knowledge of the Business Diagram <ul style="list-style-type: none"> • CIV Distribution (Availability) • Connected CIV • Perpetual CIV Display • Significance of Identifying Competitive Alternatives • Growth and Depth of penetration • RSE and Competition Contracts <ul style="list-style-type: none"> • Program Implementation • Understanding the Importance of the 3 P's <ul style="list-style-type: none"> • Selling Multi-Step Emotions • Analysis of Results • Effective Business Plan Development • Client Relations Review Process <ul style="list-style-type: none"> • Developing Effective Account Business Plans • Monitoring Results and Adjustments • Business Review Analysis • Time Management 	DM - Application RRM - Analysis		

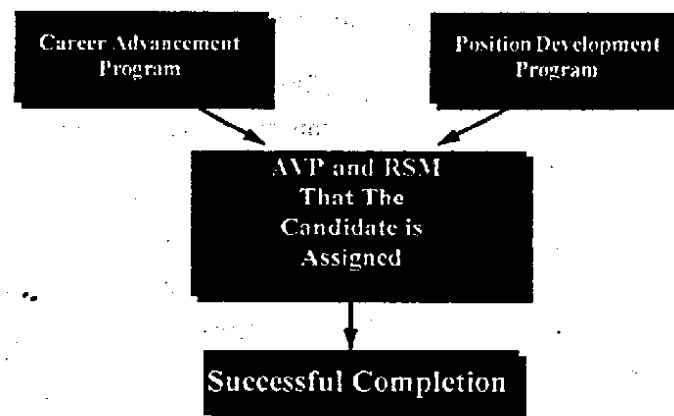
Knowledge / Skill Fields	Measures	Thinking	Attitudes
<p>● Management Administration and Technical Skill Development (Managing Administrative Skill Development)</p> <ul style="list-style-type: none"> ● Administrative Management <ul style="list-style-type: none"> - Customer Relationship - Administrative Management - HR Support ● Operational Planning and Evaluation <ul style="list-style-type: none"> - Forecast / Budget Report - Communication Development ● Work Style System <ul style="list-style-type: none"> - Effective Communication Tools - Use of Word Copy, Fax, Times Mail, E-Mail - Document Control ● Self-Improvement System <ul style="list-style-type: none"> - Check Sheet/Process Management - Sales Methods System - Cost Save - Future Challenge 	<p>Measures SMA</p>		
<p>● Technical Skill Development (Human Functionality Test Analysis)</p> <ul style="list-style-type: none"> ● Basic Layout Functionality <ul style="list-style-type: none"> - New Management Applications ● Basic Layout <ul style="list-style-type: none"> - Material Layout - Management System - Human Information - Manufacturing Management - System Availability Support - OPS Development - Skill to Basic Programming - Post Report Programming ● Advanced Skills <ul style="list-style-type: none"> - Basic - Basic Programming - Work - Basic Layout Writing - Program - Basic Programming, Debugging - Higher-OPS Management 	<p>Measures SMA or SSM</p>		

Source: <https://www.industrydocuments.ucsf.edu/docs/nhly0000>

Career Advancement Training Plan - Anthony Ahiabuike

<u>Personal Discussion Needs</u>	<u>Mentors</u>	<u>Action Plan</u>	<u>Results</u>
<ul style="list-style-type: none"> • Communications, Relationships, Leadership and Interpersonal Knowledge and Skills <ul style="list-style-type: none"> • Follow-Through and Reliability • Organizing/Time Management • Planning • Oral Communication <ul style="list-style-type: none"> • Presentation Skills • Written Communication • Listening • Leadership Style and Influence • Leading By Example • Coaching and Mentoring • Conflict Management • Decision Making • Attitudes and Interpersonal Skills <ul style="list-style-type: none"> • Personal Motivation • Personal Adaptability • Interpersonal Skills • Openness to Change • Bias Toward Action • Commitment to Continuous Improvement • Solving Problems 	All Mentors		

Accountability



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Funding and Next Steps

Funding

Proposed Funding

- 1997 vacancies averaged 43 per month
- Most vacancies at Retail Rep/Administrative positions
- Positions budgeted at \$23,000 annually
- In 1997 approximately \$989,000 budgeted, but not spent, based on vacancies
- 1998 vacancies average 45 per month

Funding for Career Advancement Candidates

- 8 Trainees for 1998 - cost \$492,260

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Career Advancement Program - Next Steps

- July 6 - July 10 RSMs prepare:
- Succession plan candidates against all positions with candidate restrictions
 - Personal Dimensions development plans for each candidate
- July 13 - July 17 AVPs hold meetings with RSMs
- Present and thoroughly discuss Career Advancement Plan
 - Discuss and prioritize candidates against Career Advancement Plan objectives.
 - Discuss and identify potential mentors for each candidate

Career Advancement Program - Next Steps (cont.)

- July 20 JVM, WFT, hold meeting with AVPs
- Review Sales Area Succession Plan candidates
 - Review Personal Dimension development plans of candidates
 - Select candidates for Career Advancement Plan against plan objectives
 - 2- KAM • 2- DM
 - 1- RBM • 2- RM
 - 1- AM
 - Select mentors for each candidate based off region recommendations
 - Select candidates for back-fill positions
- July 21 - July 31 RSMs meet with candidates
- Present and thoroughly discuss Career Advancement Plan
 - Conduct up-front Conversation With Candidate
- August 3 Candidates report to first mentor

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Succession Planning Process - Next Steps

- | | |
|-------------------|--|
| July 13 - July 17 | AVPs hold meetings with RSMs
• Present and thoroughly discuss Succession Planning Program |
| July 20 - July 31 | RSM holds meeting with direct reports
• Present and thoroughly discuss Succession Planning Program
• Identify and /or confirm candidates for succession plan
• Develop action plan for management team to meet with identified candidates |
| Aug. 3 - Sep. 25 | Region management team gets with the candidate
• Managers get to know candidates (W/W, Meetings, etc.)
• Managers identify and document candidate development needs |
| October | RSM and direct reports reconvene
• Group discuss previous candidate submissions
• Any new candidates are submitted |

Program Repeated Quarterly

Position Development Program - Next Steps

- | | |
|-------------------|--|
| July 13 - July 17 | AVPs hold meetings with RSMs
• Present and thoroughly discuss Position Development Program
• Set expectation for program implementation on all newly promoted employees |
| September | RSMs identify existing managers for program participation
• Identify all managers promoted since October 1, 1997
• Create development plan for identified managers
• Develop action plan for implementation of Position Development Program |
| October | RSMs implement Position Development Program with existing managers
• Discuss and review Position Development Program
• Discuss and review development plan |

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